

March 17, 1986

Bank Sitko, President
8288 Lake City Way Northeast
Seattle, WA 98115

Dear Mr. Sitko:

On March 13, 1986 the Liquor Control Board held a public hearing concerning changes to five Washington Administrative Codes (WAC's) which deal with selling below cost. Due to a number of remarks made by various industry members, the Board has continued this hearing to July 1.

Copies of the proposed rule changes are enclosed for your review.

Members of the industry indicated that the wording "acquisition cost" was not sufficient to prevent price wars and cutthroat pricing practices by some businesses. It was the consensus of the industry members present that "acquisition cost plus 12%" would be a more reasonable solution to the deletion of rule language which references portions of RCW 19.90 which was repealed by the legislature in 1983.

The Board has asked that you, as a member of the liquor industry, meet the Board staff to come up with a set percentage of increase which would be fair and equitable to all licensees concerned without being disruptive to the market.

With this in mind I would like to ask you what the members of your association believe would be an acceptable percentage of markup.

It would be appreciated if you, or a representative from your organization, could meet with the Board staff members on Tuesday, April 29th at 10:00 a.m. in the fifth floor conference room at the Liquor Control Board offices to discuss this issue. If you will not be able to attend any comments you wish to contribute may be sent to me in writing prior to the meeting.

EXHIBIT B

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|------------------------|------------|
| PLAINTIFF'S EXHIBIT | |
| CASE NO. | CV04-0360P |
| EXHIBIT NO. | 073 |

1002270

J. Britt

DEP EXHIBIT 108
CAROL M. GRANTE
NOTARY PUBLIC

6-2705

March 17, 1990
JLB:lep

Inquiries have been made with the states of Pennsylvania and Ohio to receive information on what their minimum markup rules are like and what types of court challenges their rules may have faced. This information should be available to share with you on April 29.

I hope you will be able to attend the ad hoc committee meeting on pricing on April 29.

Sincerely,

JANICE LEE BRITT, Supervisor
Manufacturers, Importers and
Wholesalers Division

JLB:lep:2.143-149

Enclosures

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